

University of Mississippi

eGrove

---

Examinations and Study

American Institute of Certified Public  
Accountants (AICPA) Historical Collection

---

1964

## Memorandum: Practice of Public Accountancy in the United States

American Institute of Certified Public Accountants (AICPA)

Follow this and additional works at: [https://egrove.olemiss.edu/aicpa\\_exam](https://egrove.olemiss.edu/aicpa_exam)



Part of the [Accounting Commons](#), and the [Taxation Commons](#)

---

AICPA  
M E M O R A N D U M

The Practice of Public Accountancy  
in the United States

March 15, 1964

All the political jurisdictions of the United States have enacted laws to control in varying degrees the practice of public accounting. These laws are of two general types, regulatory and permissive.

Laws of both kinds govern the practice of certified public accountants and the issuance of licenses to qualified persons. There is no national accountancy law, nor is there a national license for the practice of public accountancy in all states.

The permissive laws (17 jurisdictions) govern practice by certified public accountants only. No cognizance is taken of non-certified public accountants or others performing accounting services for the public. Under permissive laws anyone may undertake public accounting engagements for anyone willing to hire him. He may perform public bookkeeping services, do write-up work, and prepare Federal and state income tax returns. He may also audit financial records, prepare statements and express opinions on the fairness of their presentation. The only thing that a public accountant may not do under a permissive accountancy statute is hold himself out as a certified public accountant.

The situation regarding regulatory public accounting laws is more complex. These laws govern the practice of both certified public accountants and non-certified public accountants. In twenty-seven jurisdictions only those non-certified accountants who were engaged in public accounting activities as their principal occupation at the time of the enactment of the law are permitted to practice and to hold themselves out as public accountants. No additional non-certified public accountants will be admitted to practice in the future.

In nine states, non-certified public accountants are admitted to practice by examination, usually after meeting some education and experience requirements.

Several of the older regulatory laws contain detailed definitions of public accounting and list services which no one but registrants may perform.

Other regulatory laws, enacted since World War II, do not attempt to define public accounting but simply restrict to licensees the use of professional titles and the certification of financial statements.

Under a regulatory law of the latter type it is still possible for unlicensed persons to perform accounting services for more than one employer, provided these persons do not use the proscribed titles or express an opinion on a financial statement. Under regulatory laws of the former type, however, the activities of non-registrants are more rigidly circumscribed, and they may be prevented from performing specific activities, such as audits and systems installations.

All jurisdictions provide for the issuance of CPA certificates to CPAs of other states. The following jurisdictions may issue CPA certificates to, or endorse the certificates of, qualified accountants of foreign countries:

Alabama	Michigan	South Carolina
Alaska	Minnesota	South Dakota
Arizona	Montana	Tennessee
California	Nebraska	Texas
Connecticut	Nevada	Utah
Delaware	New Mexico	Vermont
Florida	New York	Virginia
Hawaii	North Carolina	West Virginia
Iowa	Ohio	Wisconsin
Maine	Oregon	Wyoming
Maryland	Rhode Island	Puerto Rico
		Virgin Islands

In addition, all permissive states and almost all regulatory states -- the latter under certain specified conditions -- permit temporary practice by foreign and out-of-state accountants.

A list of the thirty-six jurisdictions with accountancy statutes of the regulatory type is attached. All other jurisdictions have permissive laws.

## Requirements for the CPA Certificate

To become a CPA in the United States a person must meet the requirements of the particular state or territory in which he wishes to practice. These requirements are established by the accountancy law and are administered by an agency which is usually designated the State Board of Accountancy. As mentioned earlier, there is no national public accounting license permitting practice in all states; rather, a license must be obtained from each state to practice as a CPA in that state.

The requirements to become a CPA vary widely among the individual states. In general, the states require that the applicant pass the Uniform CPA Examination and be 21 years old, a United States citizen, a resident of the state and of good moral character. An applicant may sit for the Uniform CPA Examination only if he is authorized to do so by a state board.

Experience requirements range from no experience to three years with a public accounting firm. A number of states accept other accounting experience in lieu of experience in public practice. It is the responsibility of the CPA candidate to obtain the required experience. Neither the state boards nor the professional organizations arrange employment for the candidate.

In the matter of education the range of state requirements is from high school graduation to graduation from an accredited college with prescribed accounting, auditing and other courses. Again the responsibility for obtaining this education rests with the candidate.

The state boards of accountancy are the authoritative sources of information on the requirements to practice public accountancy and to become a certified public accountant in the United States. A list of secretaries of these boards is attached.

## The American Institute of Certified Public Accountants

The American Institute of Certified Public Accountants is the national professional society. (There are also individual state professional societies which are separate and distinct from the Institute.) Membership is limited to individuals who already possess a CPA certificate granted by a state board and have a minimum of two years' public accounting experience or the equivalent. The Institute does not offer courses nor sponsor scholarships to prepare candidates for the CPA examination.

The Institute prepares the Uniform CPA Examination and provides an advisory grading service for the state boards of accountancy. Other principal activities of the Institute include assistance in the maintenance of high standards for the CPA certificate in the several states, publication of technical books and periodicals, and establishment and maintenance of ethical, accounting, and auditing standards.